

Message Text

UNCLASSIFIED

PAGE 01 NICOSI 00254 280003Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 HUD-02 PA-02 PRS-01
/072 W

-----066661 281903Z /64

R 271425Z JAN 78
FM AMEMBASSY NICOSIA
TO SECSTATE WASHDC 7146
INFO AMEMBASSY ATHENS
AMEMBASSY ANKARA
AMEMBASSY LONDON

UNCLAS NICOSIA 0254

PASS TO AID

E.O. 11652: N/A
TAGS: SOCI, EGEN, CY, ELAB, EAID
SUBJECT: CONSTRUCTION FINANCING CUT: LABOR SHORTAGE GLAMED

1. THE CENTRAL BANK OF CYPRUS HAS CONFIRMED THAT THE BUILD-
ING SECTOR WILL NOT BENEFIT FROM THE GOVERNMENT'S PRIORITY
FINANCING DURING THE COMING YEAR EXCEPT FOR HOTEL AND PLANT
CONSTRUCTION. RESPONDING TO RECENT PRESS REPORTS, BANK
SPOKESMAN EXPLAINED THAT THE BANK HAS NOT ASKED NOR IS IT
GOING TO ASK THE COMMERCIAL BANKS TO CUT FINANCING FOR
BUILDING PURPOSES. HOWEVER, IT IS GOING TO STOP ADVANCES
FROM ITS "SPECIAL FUND" SET UP TO FINANCE "PRIORITY SECTORS".
THE BANK'S ACTION REFLECTS GOC DECISION TO PLACE GREATER
EMPHASIS ON ISSUING LOANS FROM THE "SPECIAL FUND" FOR
FINANCING THE CONSTRUCTION OF HOTELS, MANUFACTURING PLANTS,
AND THE PURCHASE OF INDUSTRIAL EQUIPMENT.

2. IN COMMENT, JANUARY 27TH, ON THE NEW RESTRICTIONS,
THE FINANCIAL EDITOR OF THE CYPRUS MAIL QUOTES "WELL
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 NICOSI 00254 280003Z

INFORMED SOURCES" AS SAYING THE DECISION IS MAINLY
DUE TO THE SHORTAGE OF SKILLED LABORERS IN THE
BUILDING INDUSTRY AND TO A LESSER EXTENT TO GOC DESIRE
TO COOL OVERHEATED CONSTRUCTION SECTOR. CURRENT
BUILDING BOOM HAS LED TO A SHORTAGE OF BUILDING
MATERIALS AS WELL AS LABOR AND HAS DELAYED GOVERNMENT
PRTGRAMS FOR REFUGEE HOUSING SCHEMES.

3. BUILDING TRADE SOURCES ARE REPORTEDLY NOT CONVINCED THAT RESTRICTING FINANCE IS BEST WAY TO SOLVE PROBLEM. MANY HAVE EXPRESSED FEARS THAT SUCH ACTION MIGHT BE SELF DEFEATING. THEY ACCEPT, HOWEVER, THE SHORTAGE OF MIGRANT LABOR ABROAD AND HAVE NOTED THAT RECENT VISIT BY MINISTER OF LABOR SPANOS TO THE GULF WAS CONNECTED WITH THIS PROBLEM. ON HIS RETURN THE MINIRTER SAID THE GOVERNMENT'S EFFORT WAS TO "KEEP A BALANCE BETWEEN CYPRUS REQUIREMENTS IN MANPOWER, IN LIGHT OF EXISTING CONDITIONS, AND MEETING THE REQUIREMENTS OF (CYPRIOT) BUILDING CONTRACTORS ABROAD". BUILDING TRADE SOURCES HAVE SUGGESTED THAT RESTRICTION OF FINANCING IS ONLY ONE OF FOUR OPTIONS GOC COULD HAVE TAKEN. THE OTHER THREE ARE (A) CONTROLLED IMPORTATION OF LABOR FROM ABROAD (OPPOSED BY TRADE UNIONS), (B) LIMITED REPATRIATION OF CYPRIOT LABOR (WHICH WOULD DEPRIVE THE COUNTRY OF INVISIBLE EARNINGS), AND (C) RELEASE FROM WORK OF NATIONAL GUARDSMEN WITH DEVELOPED SKILLS, (A MOVE OPPOSED BY SECURITY FORCES COMMANDERS).

4. FINANCIAL EDITOR CONCLUDES THAT GOC OPTED FOR POLITICALLY LEAST EXPLOSIVE, BUT FINANCIALLY MOST DANGEROUS COURSE OF ACTION BY ATTEMPTING TO COMBAT UNCLASSIFIED

UNCLASSIFIED

PAGE 03 NICOSI 00254 280003Z

THE LABOR SHORTAGE THROUGH A MONEY SHORTAGE. HE ADDS THE HOPE THAT THE MEASURE WILL BE JUDICIOUSLY APPLIED ALLOWING BANKS MEASURE OF FLEXIBILITY IN FINANCING, AT LEAST, PRIVATE HOUSING NEEDS AS OPPOSED TO COMMERCIAL BUILDING.
DILLERY

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, LABOR, ECONOMIC ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 27 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978NICOSI00254
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780043-0144
Format: TEL
From: NICOSIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780114/aaaaalnp.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f1ac70df-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3701327
Secure: OPEN
Status: NATIVE
Subject: CONSTRUCTION FINANCING CUT: LABOR SHORTAGE GLAMED
TAGS: SOCI, EGEN, ELAB, EAID, CY
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/f1ac70df-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014